



Government of  
Saskatchewan

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# **2005 – 2006 Annual Report**

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Saskatchewan  
Watershed Authority  
Retirement Allowance  
Plan

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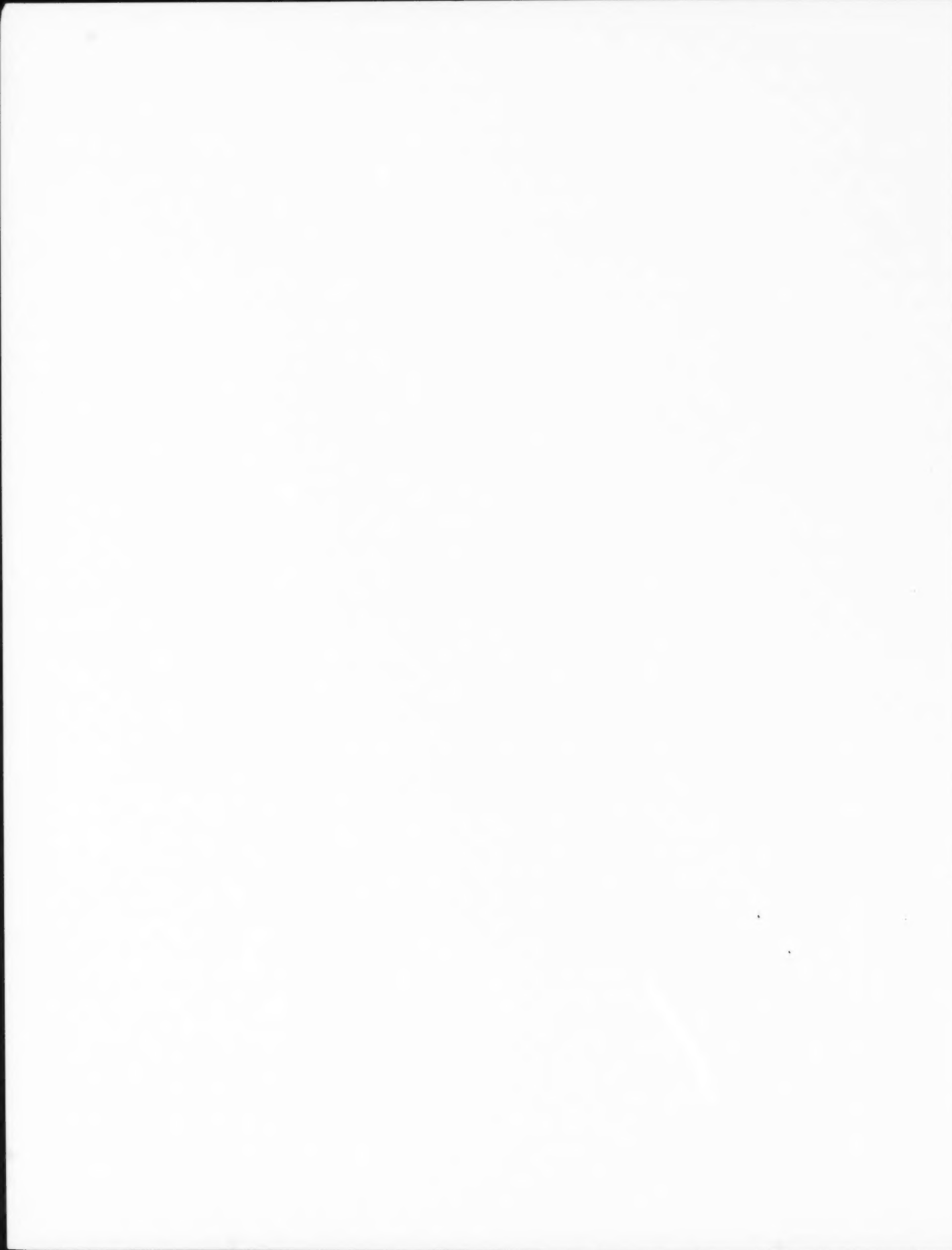


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Saskatchewan  
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock  
Lieutenant Governor of the Province of Saskatchewan  
Government House  
4607 Dewdney Avenue  
Regina, Saskatchewan  
S4P 3V7

Dear Madam:

**Letter of Transmittal**

I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2006.

I have the honour to be, Madam,

Your obedient servant,

A handwritten signature in black ink, appearing to read "Andrew Thomson". The signature is fluid and cursive, with a horizontal line underneath the name.

Andrew Thomson  
Minister of Finance



Saskatchewan  
Public Employees  
Benefits Agency

The Honourable Andrew Thomson  
Minister of Finance  
Regina, Saskatchewan

Sir:

**Letter of Transmittal**

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2006.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Smith", written over a horizontal line.

Brian Smith  
Assistant Deputy Minister  
Public Employees Benefits Agency

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**Saskatchewan Watershed Authority**  
**Retirement Allowance Plan**

**Introduction**

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA).

**Enrollment**

The Plan includes all out-of-scope employees of the Authority. As at March 31, 2006, there were 54 active members in the Plan.

**Benefits**

Members of the Plan retiring from the Authority, in accordance with the provision of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of thirty-seven (37) days pay effective January 1, 2005 and increasing to a maximum of forty (40) days pay effective January 1, 2006. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

## MANAGEMENT'S REPORT

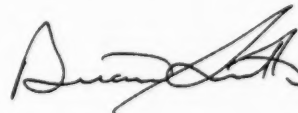
To the Members of the Legislative Assembly of Saskatchewan

As administrators of the Saskatchewan Watershed Authority Retirement Allowance Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

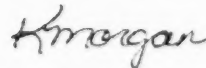
The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Saskatchewan Watershed Authority Retirement Allowance Plan has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

We enclose the financial statements of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ended March 31, 2006 and the Provincial Auditor's report on these financial statements.



Brian Smith  
Assistant Deputy Minister  
Public Employees Benefits Agency



Kathy Morgan  
Director, Financial Services  
Public Employees Benefits Agency

Regina, Saskatchewan  
June 2, 2006



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**SASKATCHEWAN WATERSHED AUTHORITY  
RETIREMENT ALLOWANCE PLAN**

**FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2006**

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued benefits obligation and surplus of the Saskatchewan Watershed Authority Retirement Allowance Plan as at March 31, 2006 and the statements of changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued benefits obligation and surplus of the Plan as at March 31, 2006 and the changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan  
June 2, 2006

Fred Wendel, CMA, CA  
Provincial Auditor

**SASKATCHEWAN WATERSHED AUTHORITY  
RETIREMENT ALLOWANCE PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED  
BENEFITS OBLIGATION AND SURPLUS**

**STATEMENT 1**

**AS AT MARCH 31**

|                                                                      | <u>2006</u>          | <u>2005</u>          |
|----------------------------------------------------------------------|----------------------|----------------------|
| <b>Net assets available for benefits</b>                             |                      |                      |
| Saskatchewan Watershed Authority contribution<br>receivable (Note 3) | <u>\$289,700</u>     | <u>\$343,500</u>     |
|                                                                      | <u>\$289,700</u>     | <u>\$343,500</u>     |
| <br><b>Accrued benefits obligation</b> (Note 3)                      | <br><u>\$289,700</u> | <br><u>\$343,500</u> |
| <br><b>Surplus</b>                                                   | <br><u>\$ -</u>      | <br><u>\$ -</u>      |

(See accompanying notes to the financial statements)

**SASKATCHEWAN WATERSHED AUTHORITY  
RETIREMENT ALLOWANCE PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**STATEMENT 2**

**YEAR ENDED MARCH 31**

|                                                                      | <u>2006</u>      | <u>2005</u>      |
|----------------------------------------------------------------------|------------------|------------------|
| <b>Increase in Assets</b>                                            |                  |                  |
| Saskatchewan Watershed Authority contribution<br>receivable (Note 3) | \$ -             | \$ 35,300        |
| Total increase in assets                                             | -                | 35,300           |
| <b>Decrease in Assets</b>                                            |                  |                  |
| Benefits paid                                                        | 9,975            | 9,500            |
| Saskatchewan Watershed Authority contribution<br>receivable (Note 3) | 43,825           | -                |
| Total decrease in assets                                             | 53,800           | 9,500            |
| (Decrease) increase in net assets                                    | (53,800)         | 25,800           |
| NET ASSETS AVAILABLE FOR BENEFITS,<br>beginning of the year          | 343,500          | 317,700          |
| NET ASSETS AVAILABLE FOR BENEFITS,<br>end of year                    | <u>\$289,700</u> | <u>\$343,500</u> |

(See accompanying notes to the financial statements)

**SASKATCHEWAN WATERSHED AUTHORITY  
RETIREMENT ALLOWANCE PLAN  
STATEMENT OF CHANGES IN ACCRUED BENEFITS OBLIGATION**

**STATEMENT 3**

**YEAR ENDED MARCH 31**

|                                                | <u>2006</u>      | <u>2005</u>      |
|------------------------------------------------|------------------|------------------|
| Accrued benefits obligation, beginning of year | \$343,500        | \$317,700        |
| Increase in accrued benefits obligation        |                  |                  |
| Benefits accrued                               | 10,500           | 10,200           |
| Interest on accrued benefits                   | 15,775           | 13,500           |
| Plan experience                                | 12,100           | 13,300           |
| Change in plan provisions                      | 32,600           | -                |
|                                                | <u>70,975</u>    | <u>37,000</u>    |
| Decrease in accrued benefits obligation        |                  |                  |
| Benefits paid                                  | 9,975            | 9,500            |
| Change in assumptions                          | 114,800          | 1,700            |
|                                                | <u>124,775</u>   | <u>11,200</u>    |
| Accrued benefits obligation, end of year       | <u>\$289,700</u> | <u>\$343,500</u> |

(See accompanying notes to the financial statements)

**SASKATCHEWAN WATERSHED AUTHORITY  
RETIREMENT ALLOWANCE PLAN  
NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2006**

**1. Description of the Plan**

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA). An agreement has been established between PEBA and the Authority, which specifies the administrative services that the Authority will provide.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

**Eligibility**

The plan includes all out-of-scope employees of the Authority. As at March 31, 2006, there were 54 (2005 – 54) active members in the plan.

**Benefits**

Employees retiring from the Authority, in accordance with the provisions of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of thirty-seven (37) days pay effective January 1, 2005 and increased to a maximum of forty (40) days pay effective January 1, 2006. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

**2. Significant Accounting Policies**

These financial statements were prepared in accordance with Canadian generally accepted accounting principles.

**3. Accrued Benefits Obligation**

The accrued benefits obligation of the Plan is receivable from the Authority and will be funded by the Authority as eligible employees retire. The present value of the accrued benefits obligation was determined using the projected benefits method prorated on service and the best estimate assumptions of the Authority's management. Plan experience is the difference between the expected and actual accrued benefit obligations and is recognized as an increase or decrease in the statement of changes in accrued benefits obligation. Aon Consulting Inc. performed an actuarial valuation as at March 31, 2006 and March 31, 2005 to determine the actuarial present value of the accrued benefits obligation.

The accrued benefits obligation is based on many assumptions about future events. Actual experience may vary significantly from the long-term assumptions used. The actuarial valuation is based on the following assumptions:

|                               | <b>2006</b> | <b>2005</b> |
|-------------------------------|-------------|-------------|
| Discount rate                 | 4.75%       | 4.50%       |
| Inflation rate                | 2.75%       | 2.75%       |
| Salary increase               | 3.00%       | 3.00%       |
| Termination rate up to age 50 | 5.00%       | 3.00%       |

Retirement – members of the Capital Pension Plan – at age 60 (2005 – age 50)  
 - members of the Public Service Superannuation Plan – at the earlier of age 60 (20 years of service), age 65 (5 years of service) or 35 years of service

The following illustrates the effect of changes in these assumptions on the accrued benefits obligation:

| <b>Assumption</b>       | <b>Change Made</b> | <b>Change in Obligation at March 31, 2006</b> | <b>Percentage Change in Obligation</b> |
|-------------------------|--------------------|-----------------------------------------------|----------------------------------------|
| Annual termination rate | Plus 0.5%          | (4,700)                                       | (0.8%)                                 |
|                         | Minus 0.5%         | 4,900                                         | 0.8%                                   |
| Discount rate           | Plus 0.5%          | (21,400)                                      | (3.6%)                                 |
|                         | Minus 0.5%         | 22,700                                        | 3.9%                                   |
| General salary increase | Plus 0.5%          | 23,000                                        | 3.9%                                   |
|                         | Minus 0.5%         | (21,800)                                      | (3.7%)                                 |

The actuarial present value of the accrued benefits obligation is long-term in nature and there is no market for settling this obligation. Therefore, determination of the fair value is not practicable.

#### **4. Related Parties**

Included in these financial statements are transactions with the Authority who is related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received the use of office space and administrative services from the Authority at no charge. Additionally, PEBA provides administrative services to the Plan for an administration fee which is paid by the Authority.



